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TREASURY DEPARTMENT
Washington

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THURSDAY, AUGUST 14, 1969

REMARKS OF THE HONORABLE DAVID M. KENNEDY
SECRETARY OF THE TREASURY
AT THE DEDICATION OF THE PHILADELPHIA MINT
PHILADELPHIA, PENNSYLVANIA
THURSDAY, AUGUST 14, 1969 AT 3 P.M.,EDT

One of the pleasant privileges of membership in President Nixon's Cabinet is that every so often I have an opportunity to be a part of history in the making -- and this time and place are historic for many reasons.

We are here to open the fourth United States Mint to be built in Philadelphia, the first seat of our Nation's government. And this amphitheater is just a few hundred feet from the site of the first United States Mint, where President George Washington, on a similar occasion in 1792, handed over some of his wife's household silver for a test run of the new facility.

I am told that President Washington gave Martha the first experimental coins as a souvenir, but I still wonder whether she really believed she got the best of the bargain. For, you see, that the first Mint made nothing but one-cent and half-cent coins. And even at 1792 prices, you couldn't buy many table settings for pennies.

Two other distinguished American women are closely and warmly connected with this occasion. They are both with us today, and despite tradition, we are NOT asking them to donate the family silver. They are, of course, Miss Eva Adams, the present Director of the Mint, under whose direction this Mint was designed and built, and Miss Mary Brooks, Director-Designate of the Mint.

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We have come a long way since Martha Washington sacrificed her silver to history. One year after the first United States Mint was dedicated here in Philadelphia, it had managed to turn out only 144,126 coins. That was quite a record for 18th Century coin-making, but it represents about 8-1/2 minutes' production for this marvelous new facility we have here today.

The new Philadelphia Mint is the largest, the most modern, and undoubtedly the most efficient plant of its kind in the world. It can produce 1 million coins an hour, or 300 every second -- and we need it to meet efficiently and economically the coinage needs of our expanding society. This facility exists in good part thanks to the legislative efforts of Congressmen Tom Steed and Sylvio Conte.

When the first Mint was established in 1792, the population of the entire United States was only four million. Today, we number nearly 200 million, and the Census Bureau tells me that at the present rate of growth we will have a population of close to 365 million by the beginning of the 21st Century.

Thus, in a little over 200 years, the American nation will have increased its population almost a hundred-fold, with a national wealth estimated in trillions, rather than billions, or millions of dollars.

I am sure that the distinguished mint masters from other countries who are our guests here today will agree that a tremendous and constant flow of coinage, such as this new Mint will provide, is vital and basic to commerce, and, in addition, an adequate supply of coin is essential to feed the machines of trade which are multiplying in this advanced technological society.

There is something stimulating, to me at least, about a bright, newly-minted coin. I suppose it's because I sometimes wish we could mint national policy as readily as we mint new coins. We might then call in all our old thoughts, our old programs, our old ways of action, run them through the smelter and re-issue them, sparkling, fresh, and new.

Unfortunately the problems of national security, economic stability, the promotion of human welfare and the enhancement of our environment, do not lend themselves to mintage solutions.

Lacking a solution machine, we must turn to our own all-too-human talents and resources. We have to evaluate the Nation's past commitments, which are demanding larger shares of our resources, and, at the same time, try to find answers to new problems that arise inexorably. We cannot simply cast aside our old problems and commitments and turn all our attention to the new, and even with all of our bountiful resources, we cannot perform in one grand sweep all the desirable tasks that wait to be done.

Today, this Nation and a new national administration are deeply immersed in forming public policies which will affect the lives of all our citizens for many years to come.

My prime concern as Secretary of Treasury is the economic health of the Nation, and I have observed over the years that Secretaries of the Treasury win very few popularity contests, because very few people associate economic health with taxes.

President Nixon said recently that "we shall never make taxation popular," and, for one, do not intend to try, but I would count it a major victory if even a bare majority of Congress and the public were to accept the hard fact that taxation and economic stability are two sides of the same coin. You just can't have one without the other.

But we are making progress. Only yesterday, Congress recessed after enacting important legislation which clearly demonstrates the relationship between taxes and stability.

The Congress has taken an essential and timely step in extending the 10 percent income tax surcharge. Had that tax been allowed to die -- and there were some who thought that would be a popular move -- nearly $10 billion would have been pumped into our overheated economy and the inflationary fire would have gotten that much hotter.

The people's elected representatives in Washington are to be strongly commended for refusing to let the surtax die. A majority of the Congress set aside political considerations and voted squarely in favor of the long-term interest of all Americans.

Now, while the Senate extended the surtax for only six months because some of its leaders felt that further extension should await meaningful tax reforms, I believe the Senate will ultimately join with the House in extending the surtax for the full period requested by the President.

I say this because meaningful tax reform is now in sight. Just last week, building upon recommendations of the Administration, the House overwhelmingly approved a reform bill that is the most far-reaching since our system of income tax was established more than a half-century ago. And I believe that when the whole bill is acted upon by the entire Congress, full extension of the surtax will accompany the reforms.

The reform measure is proof positive that an administration of one party can work effectively with members of the other party in the Congress in meeting pressing national needs. The 16 substantive tax reform proposals which President Nixon transmitted to the Congress last April provided the basis for the bill. The President's proposal for a limitation on tax preferences -- that's our version of the so-called "minimum income tax" -- was adopted with some modifications. Mr. Nixon's Low Income Allowance proposal, which in 1970 will remove more than 5 million poverty-level citizens from the tax rolls, and reduce taxes on 7 million others, was also adopted.

Recently, there has been speculation that the Tax Reform Act of 1969, when it emerges from the Congress, will be labeled a "Democratic" or a "Republican" bill. Neither label would be correct. This is the people's tax bill -- drafted and enacted by a strong bipartisan majority, with the full cooperation of the Administration. Where fairness and tax equity are concerned, there can be no party lines.

The Administration is going to suggest that certain changes be made in the Tax Reform Bill in the Senate. In some areas, it does not go far enough. Certain changes made by the House in President Nixon's tax preference proposal would permit many millionaires to go right on paying little or no federal income taxes. Furthermore, on balance, the bill as it now stands may go too far in reducing needed revenues.

Everyone welcomes lower taxes. But there is a point at which too deep a slash in federal revenues could perhaps force retrenchment in important domestic programs and even increase the already severe inflationary pressures -- which, in the long run, would cost all of us much more than any temporary gain we might get through tax reductions.

In the first half of this year, the consumer price index rose at an annual rate of nearly 6-1/2 percent. This is an intolerable inflation. If allowed to continue, it would halve the value of the dollar in a little more than 11 years. Nothing

even remotely resembling that can be allowed to happen. Instead, the economy must gradually be brought onto a non-inflationary course and held there. This means there must be a tight rein on federal spending in the immediate future, and a suitable degree of monetary restraint.

President Nixon on July 22 ordered a $3.5 billion rollback in federal spending to help cool off the overheated economy. He said at that time that no federal program is beyond scrutiny, that some highly desirable programs will have to be stretched out and others reduced. And a policy of monetary restraint by the Federal Reserve System has been in effect since late last year. There are indications that these policies are beginning to pay dividends.

But the fact remains that we must guard against the potentially dangerous impact in later years of the tax cuts that have now been enacted.

Even if the surtax is extended through June of next year, as the President has recommended, there will still be substantial revenue losses showing up in the 1971 fiscal year and thereafter.

To say that we are concerned over some of the long-term fiscal effects of this bill and that we will ask for changes in the Senate version, is not to detract from the fact that this reform measure is a milestone in tax legislation. The bipartisan House Ways and Means Committee, under the able leadership of Chairman Wilbur Mills and ranking Republican John Byrnes, with key assistance from Hale Boggs, added a number of constructive measures to those proposed by the President in April. The proposals for tax relief which will benefit so many Americans were worked out by Treasury officials and the Committee staff and were accepted by the full Ways and Means Committee. Finally, they received overwhelming approval by the House.

Now it is up to the Senate. I cannot urge too strongly that our Senators, Republicans and Democrats alike, proceed with the same determination the House has shown. Enactment of this bill, with the modifications this Administration will recommend, will be a giant step toward making taxation, if not popular, at least fair for all our citizens.

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Finally, I should like to congratulate all of you who have had a part in the building of this great city's fourth United States Mint, and to thank those of you who have joined them in making the occasion a memorable one. The artisans and craftsmen of Philadelphia, as they have for nearly 200 years, will continue to provide us with the coin of commerce and trade, and all of us, with the help of the Lord and an assist from the Senate, will work together to keep it sound.

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